

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 03-33
STATE AGENCY: Division of Family and Children

DATE PREPARED: June 9, 2003
DATE RECEIVED: May 2, 2003

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Digest of Proposed Rule: This rule adds 470 IAC 10.2 concerning the determination of financial eligibility and the amount of assistance payments in the Temporary Assistance to Needy Families (TANF) program and sanctions for noncompliance with certain TANF program requirements. The rule repeals 470 IAC 10.1-3-4, 470 IAC 10.1-3-4.1, and 470 IAC 10.1-3-5.

Governmental Entities: *Total Impact:* The estimated reduction in TANF expenditures from the proposed rule is about \$23 M annually in federal funds: \$20 M from the changes in the calculation of the income disregard and \$3 M from the changes in the sanction. This rule places no unfunded mandates upon state government.

The federal funds in the TANF program are allocated to Indiana in the form of a block grant, with a maintenance of effort required of the state. According to the Division of Family and Children, the reduction in expenditures from this rule change is toward the objective of reducing TANF expenditures to within the level of the block grant.

Calculation of the Income Disregard: The rule changes the methodology used to determine the level of cash assistance paid to recipients in the TANF program. Currently, in order to determine both the eligibility for cash assistance and the level of assistance paid, the first \$90 of earned income is deducted from the individual's gross countable income. Then the following amounts are deducted: an additional \$30 of earned income for a period not to exceed 12 consecutive months, and one-third of the remaining earned income for a period not to exceed 4 consecutive months. This proposed rule changes the income disregard (for the purposes of determining the level of the assistance payment only) to 75% of the earned income of the recipient. These changes to the income disregard are estimated to result in a reduction of TANF expenditures of about \$20 M.

Sanctions for Noncompliance: The proposed rule also changes the amount of assistance paid to recipients who are terminated from employment or are noncompliant with the provisions of the IMPACT employment and training requirements and the IV-D Child Support program, without good cause. Currently, the amount of assistance paid is reduced by \$90 per month for the entire length of the sanction. The proposed rule reduces the amount of assistance paid by \$90 per month for up to two consecutive months for a noncompliant adult, and after two consecutive months of noncompliance, the entire case is closed. The amount of sanction in addition to the initial \$90 can amount to \$139 monthly for a family with one child, \$198 for a family with two children, and \$256 for a family with three children. These changes to the amount of the sanction are estimated to result in a total reduction of TANF expenditures of about \$3 M.

Local Impact: This rule places no unfunded mandates upon any local government unit.

Regulated Entities: The reduction in assistance payments of \$23 M affects recipients in the TANF program. According to the Division of Family and Children, there are approximately 35,150 TANF assistance groups affected by the change in the calculation of the income disregard and approximately 6,200 assistance groups affected by the change in sanctions for noncompliance.

Information Sources: Rich Adams, Acting Deputy Director, Bureau of Family Support Services, Division of Family and Children, (317) 232-4495.